



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200  
DALLAS, TEXAS 75202-2733

JUN 29 2010

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED:**

7009 1680 0002 2887 1755

Mr. Cory Johnson  
Environmental Coordinator  
Hilcorp Energy  
P. O. Box 61229  
Houston, Texas 77208

Re: Expedited Spill Settlement Agreement  
Docket No. CWA-06-2010-4513  
Oil Spill in Jackson County, TX on or about February 28, 2010

Dear Mr. Johnson:

The Environmental Protection Agency (EPA) has authority under Section 311 of the Clean Water Act to pursue civil penalties for oil spill violations. Based upon information available to the EPA, a specific oil spill by your company is identified in the enclosed Findings and Alleged Civil Violations Form (Form). EPA encourages the expedited settlement of oil spill violations, such as the violations cited in the enclosed Expedited Spill Settlement Agreement (Settlement Agreement). The enclosed Complaint and Settlement Agreement has been issued in accordance with 40 CFR Part 22, "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits" (available upon request).

You may resolve the cited violations quickly by correcting the cited violations, mailing a check for the penalty as described below, inserting the estimated cost for the corrective action in the space provided on the Settlement Agreement, and signing and returning the original Settlement Agreement within 30 days of your receipt of this letter. As previously stated, as a condition of the settlement, you must correct the violations within 30 days of your receipt of this letter. EPA, at its discretion, may grant one 30-day extension for cause upon request. A request for a 30-day extension should be sent to the Oil Pollution Act (OPA) Enforcement Coordinator at the address given on page 2 of this letter.

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The Settlement Agreement, when executed by both parties, is binding on both you and EPA. Upon receipt of the signed document and a check for the amount of the penalty, EPA will take no further action against you for the violations cited in the Settlement Agreement. EPA will neither accept nor approve the Settlement Agreement if returned more than 30 days after the date of your receipt of this letter, unless an extension has been granted by EPA. (Please be advised that the Settlement Agreement contains a discounted, non-negotiable penalty amount, which is lower than the amount, which would be derived from EPA's National Civil Penalty Policy for discharge violations.)

If you do not pay the penalty and return the Settlement Agreement within 30 days of your receipt of this letter, unless an extension has been granted by EPA, the Settlement Agreement will be automatically withdrawn, without prejudice to EPA's ability to file an enforcement action for the cited violations. Failure to sign and return the Settlement Agreement and pay the penalty within the approved time does not relieve you of the responsibility to comply fully with the regulations, including correcting the violations that have been specifically identified in the Form. If you decide not to sign and return the Settlement Agreement and pay the penalty, EPA can pursue more formal enforcement measures to correct the violation(s) and seek penalties of up to \$11,000 per violation up to a maximum penalty of \$32,500.

You are required in the Settlement Agreement to certify that you have corrected the violations and paid the penalty. The payment for the penalty amount must be in the form of a certified check payable to the "Environmental Protection Agency", with the Docket Number of the Settlement Agreement and "Spill Fund - 311" noted on the check. The Docket Number is located at the top of the left column of the Settlement Agreement.

**The original, signed Expedited Settlement Agreement must be sent via CERTIFIED MAIL to:**

OPA Enforcement Coordinator  
U. S. Environmental Protection Agency  
Region 6 (6SF-PC)  
1445 Ross Avenue  
Dallas, Texas 75202-2733

**The payment of the penalty amount must be sent via CERTIFIED MAIL to:**


U.S. Environmental Protection Agency  
Fines & Penalties  
P.O. Box 979077  
St. Louis, MO 63197-9000

A copy of the Settlement Agreement and of the penalty payment should be retained by you. EPA will forward to you a copy of the fully executed Expedited Settlement Agreement.

By terms of the Settlement Agreement, and upon EPA's receipt of the signed Settlement Agreement and a check for the amount of the penalty, you waive your opportunity for a hearing pursuant to Section 311 of the Clean Water Act. EPA will treat any response to the proposed Settlement Agreement, other than acceptance of the settlement offer, as an indication that the recipient is not interested in pursuing an expedited settlement of this matter.

If you have any questions, please contact Nelson Smith at (214) 665-8489.

Sincerely,

  
for Samuel G. Bates  
OPA Enforcement Coordinator

Enclosures (4)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 6, 1445 ROSS AVENUE, DALLAS, TEXAS 75202-2733  
EXPEDITED SPILL SETTLEMENT AGREEMENT

DOCKET NO. CWA-06-2010-4513

On February 28, 2010

At: Hilcorp Energy, Jackson County, TX (Respondent) discharged 3 barrels of well fluids in violation of Section 311(b)(3) of the Clean Water Act (the Act), as noted on the attached FINDINGS and ALLEGED CIVIL VIOLATIONS FORM (Form), which is hereby incorporated by reference.

The parties are authorized to enter into this Expedited Settlement under the authority vested in the Administrator of EPA by Section 311(b) (6) (B) (i) of the Act, 33 U.S.C. § 1321(b) (6) (B) (i), as amended by the Oil Pollution Act of 1990, and by 40 CFR § 22.13(b). The parties enter into this Expedited Settlement in order to settle the civil violations described in the Form for a penalty of \$500.00.

This settlement is subject to the following terms and conditions:

EPA finds the Respondent's conduct is subject to the discharge prohibition of Section 311(b)(3) of the Act, as described in the statute and further described by 40 CFR § 110.3. The Respondent admits he/she is subject to Section 311(b)(3) and that EPA has jurisdiction over the Respondent and the Respondent's conduct as described in the Form. Respondent does not contest the Findings, and waives any objections it may have to EPA's jurisdiction. The Respondent consents to the assessment of the penalty stated above. Respondent certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that it has investigated the cause of the spill, it has cleaned up the spill pursuant to the federal requirements, and it has taken corrective actions that will prevent future spills. The Respondent also verifies that it has sent a certified check for \$500.00, payable to "Environmental Protection Agency," to: "USEPA, Fines & Penalties, P.O. Box 979077, St. Louis, MO 63197-9000" and Respondent has noted on the penalty payment check "Spill Fund-311" and the docket number of this case, "CWA-06-2010-4513."

Upon signing and returning this Expedited Settlement to EPA, Respondent waives the opportunity for a hearing or appeal pursuant to Section 311 of the Act, and consents to EPA's approval of the Expedited Settlement without further notice.


If Respondent does not sign and return this Expedited Settlement as presented within 30 days of the date of its receipt, the proposed Expedited Settlement is withdrawn without prejudice to EPA's ability to file any other enforcement action for the violations identified in the Form.

After this Expedited Settlement becomes effective, EPA will take no further action against the Respondent for the violations of the Section 311(b)(3) of the Act described in

the Form. However, EPA does not waive any rights to take any enforcement action for any other past, present, or future violations by the Respondent of Section 311(b)(3) of the Act or of any other federal statute or regulation. By its first signature, EPA ratifies the Inspection Findings and Alleged Violations set forth in the Form.

This Expedited Settlement is binding on the parties signing below, and is effective upon the Superfund Division Director's signature.

APPROVED BY EPA:

  
Mark A. Hansen  
Acting Associate Director  
Prevention and Response Branch  
Superfund Division

Date: 6-29-10

APPROVED BY RESPONDENT:

Name (print): \_\_\_\_\_

Title (print): \_\_\_\_\_

Signature \_\_\_\_\_ Date: \_\_\_\_\_

The estimated cost of the clean-up and corrective action is \$ \_\_\_\_\_.

IT IS SO ORDERED:

\_\_\_\_\_  
Samuel Coleman, P.E.  
Director  
Superfund Division

OREREV.11/18/99 R6REV 5/10/01; 9/19/01;11/ 8/01;1/22/02

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Cory Johnson  
Hilcorp Energy  
P. O. Box 61229  
Houston, Texas 77208

7009 1680 0002 2887 1755

**2. Article Number:**

(Transfer from service label)

7009 1680 0002 2887 1755

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

X

*[Handwritten Signature]*

☐ Agent

☐ Addressee

**B. Received by (Printed Name)**

*[Handwritten Name]*

**C. Date of Delivery**

*7/2/10*

**D. Is delivery address different from item 1? ☐ Yes**

If YES, enter delivery address below: ☐ No

*10-4513*

**3. Service Type**

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

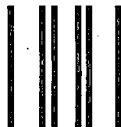
☐ Insured Mail

☐ C.O.D.

**4. Restricted Delivery? (Extra Fee)**

☐ Yes

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MR. SAMUEL G. TATES  
U.S. EPA (6SF-PC)  
1445 ROSS AVENUE  
DALLAS, TX 75202



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To: **Cory Johnson**  
**Hilcorp Energy**  
P. O. Box 61229  
Houston, Texas 77208

Street  
or PO  
City, State ZIP+4®  
7009 1680 0002 2887 1755

PS Form 3800, August 2006

See Reverse for Instructions